GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3935
ANSWERED ON:09.12.2016
Bank Profit
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Will the Minister of FINANCE be pleased to state:

(a) whether there is any mechanism to assess separately the profit or loss made by commercial banks dealings in foreign exchange and if so, the details thereof; and

(b) whether the Government has come across any instance of banks incurring losses due to their foreign exchange transactions and if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a): Reserve Bank of India (RBI) has informed that Banks report 'Profit/(loss) on Forex Operations' on quarterly basis in the supervisory return on operating results. Bank group wise data on 'Profit/(loss) on forex operations' for FY14, FY15 and FY16 pertaining to 'domestic operations' of banks is provided as under.

Profit/(loss) on Forex Operations (Rs. Crore)	FY14	FY15	FY16
Public Sector Banks	7,598	8,043	8,193
Private Sector Banks	6,220	5,251	6,147
Foreign Banks	5,108	3,037	2,268
All Banks	18,926	16,331	16,608

(b): While at the aggregated group/industry level, profit was reported, there were 17 banks which reported 'loss on forex operations' in at least one of the past 3 financial years which included two Indian banks and 15 foreign banks. However, the 'profit/loss from forex operations' is only one of the several earning sources and may not by itself lead to net loss of banks.

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